

Towards a Social Taxonomy

European Disability Forum Position Paper

August 2021

**Feedback to the Platform on Sustainable Finance’s draft report on social taxonomy.**

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# About EDF

The European Disability Forum is an independent NGO that represents the interests of 100 million Europeans with disabilities. EDF is a unique platform which brings together representative organisation of persons with disabilities from across Europe. EDF is run by persons with disabilities and their families. We are a strong, united voice of persons with disabilities in Europe.

# Contribution to the Call for feedback on the Platform on Sustainable Finance’s draft report on social taxonomy

EDF fully supports the extension of the current [EU Taxonomy Regulation](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en) – to date limited to the environmental aspects of economic activity – to also include social and governance aspects.

The current Environmental Taxonomy, once fully implemented, will be a key asset to attract and incentivise investments into economic activities that support our common climate and environmental objectives.

As the European umbrella organization representing persons with disabilities, we very much look forward to the Commission’s proposal for a European Social Taxonomy, a regulatory tool to guide investments into social sustainability. Any measure aimed at achieving Europe’s social objectives will be most welcome, especially if this means that investors will have more clarity and certainty when improving the provision of basic goods and services, especially for vulnerable people or groups like persons with disabilities.

From the European Disability Forum, we want to express our agreement with the [draft report of the Social Taxonomy Subgroup](https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/sf-draft-report-social-taxonomy-july2021_en.pdf), published in July 2021, when acknowledging that *“a future social taxonomy would be to direct capital flows to entities and activities that operate with respect for human rights and to support capital flows to investments that improve living conditions, especially for the disadvantaged”*.

We truly believe that a sound social taxonomy will prove to be an efficient instrument to attract investments into activities that respect the rights of **100 million European citizens with disabilities**, while delivering benefits in terms of employment generation or social inclusion for those at greater risk of discrimination.

Once fully developed, the combination of the Environmental and the Social Taxonomies, supported by a sound Corporate Governance Framework, will serve as key financing tools for the achievement of sustainable development across Europe. In this regard, it is important to highlight that **persons with disabilities have been explicitly recognized as a *vulnerable group in the 2030 Agenda for sustainable development.***Furthermore*,* in many of the Sustainable Development Goals make a specific reference to people with disabilities, including in relation to *quality education* (SDG 4), *decent work and economic growth* (SDG 8), *reduced inequality* (SDG 10), *sustainable cities and communities* (SDG 11) and *partnership for the fulfillment of the goal*s (SDG 17). This, in turn, justifies the inclusion of a ‘disability dimension’ in all tools geared towards the attainment of the sustainable development goals.

Persons with disabilities are also mentioned in many of the frameworks and principles that serve as a basis for the future social taxonomy, such the **Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises**.

In addition, we believe that the future Social Taxonomy – in combination with the Environmental Taxonomy and other climate-related pieces of the Sustainable Finance Agenda - will be key to ensure that the transition towards an environmentally and socially sustainable society and economy does not leave anybody behind. This becomes particularly relevant for those vulnerable groups that could be most affected by the economic and societal changes required for such transition, such as persons with disabilities, as well as for ensuring that they also participate in the future benefits of a low carbon and circular economy (eg. green inclusive jobs).

In this document, we outline some comments and recommendations formulated on the basis of the draft report of the Social Taxonomy Subgroup, as part of our response to the Commission’s public consultation.

## Recognition to the UN Convention on the Rights of Persons with Disabilities

When formulating the structure of the future social taxonomy, the report rightly points out at some fundamental norms that, at a European or global level, set the foundational principles upon which the future social taxonomy will be built. These include, amongst others, UN Human Rights Conventions, ILO Declarations, and European fundamental laws and policies such as the European Social Charter or the European Pillar of Social Rights.

From the European Disability Forum we insist **on the necessity to also include the UN Convention on the Rights of Persons with Disabilities (UNCRPD) as part of the international norms guiding the development of the future social taxonomy.**

The UNCRPD, to which the EU and all its Member States are signatories, is of great relevance for both the horizontal and vertical dimensions of the social taxonomy. On the one hand, it is a key element to guarantee the respect of the rights of persons with disabilities (horizontal); at the same time, it sets a series of principles and obligations to ensure the adequate living conditions of persons with disabilities (vertical).

Furthermore, the UNCRPD has important ramifications into European policies and laws: for example, many of its principles are reflected in the European Pillar of Social Rights, of in the European Accessibility Act.

Morover, the fulfilment of the UNCRPD was proposed by the European Commission and was agreed by the legislators as a pre-condition to access EU regional funding (the adoption of national frameworks to ensure implementation of the UNCRPD was included as an ‘enabling condition’ in the Common Provisions Regulation governing the EU Structural and Investment Funds for the 2021-2027 period). This could serve as precedent to make sure that investments deemed to contribute to social sustainability are in line with the provisions of the UNCRPD.

## Vertical objectives: supporting adequate living standards for persons with disabilities

The draft report explains that the main objective of the vertical dimension of a social taxonomy is to promote adequate living standards, rightly linking ‘adequate standard of living’ to the Universal Declaration of Human Rights and to the International Covenant on Economic, Social and Cultural Rights.

It is important to point out that, given the specificities required to ensure an ‘adequate standard of living’ for persons with disabilities, the above-mentioned UNCRPD contains its own provisions on ‘adequate standard of living and social protection’ for persons with disabilities (Article 28 UNCRPD).

While the focus is very similar to the two sub-objectives outlined in the report (Improving accessibility of products and services for basic human needs and Improving accessibility to basic economic infrastructure), this further underlines **the need to specifically include *accessibility for persons with disabilities* as part of the social taxonomy’s vertical dimension.**

The report details how Availability, Accessibility, Acceptability and Quality (AAAQ) will be the approach to developing substantial contribution and ‘do no significant harm’ criteria under the new social taxonomy. However, in this regard ‘Accessibility’ is understood as *“a product or service is economically (affordability) and physically accessible without any discrimination and that the related information is also accessible*”. In line with Article 9 of the UNCRPD – which should be included as one of the guiding norms of the social taxonomy – and the provisions and requirements set out in the [European Accessibility Act](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2019.151.01.0070.01.ENG&toc=OJ:L:2019:151:TOC), ***the concept of ‘Accessibility’ should include an explicit reference to ‘accessibility for persons with disabilities’.***

Furthermore, the **European Disability Strategy 2021-2030** invites Member States to *“mainstream accessibility into all relevant policies and actions, notably those related to the European Green Deal”*.

The inclusion of explicit references to accessibility for persons with disabilities will become of particular importance to some of the vertical objectives included in the draft report.

When promoting adequate living standards, it is of paramount importance that accessibility for persons with disabilities is one of the criteria included under the specific sub-objectives on housing, access to healthcare including care work, and education.

From the European Disability Forum we would like to emphasize that the consideration of accessibility for such ‘basic services’ will not just revert in ensuring adequate living standards for persons with disabilities themselves, but also for their whole social environment including families, carers or dedicated service providers, as well as other groups such as older people and people with functional limitations.

## Horizontal objectives

The European Disability Forum supports the Subgroup recommendation to adopt a ‘stakeholder-centred’ approach to the horizontal objectives of the social taxonomy.

When developing future proposals for a social taxonomy, the Subgroup and the European Commission should take into account a **human rights-based approach to disability**: while the ultimate aim is to ensure full rights and adequate living for the 100 million persons with disabilities living in the EU, it is important that their entire environment should be taken into account. On the one hand, socially responsible investments should support persons with disabilities, as well as their families, carers, service providers, employers, etc. On the other hand, such investments should benefit persons with disabilities as stakeholders in a broad sense, in their different roles as consumers and users, employees, providers in the value chain, employers or members of the community, etc.

According to the draft report, this approach to defining relevant objectives of a social taxonomy would allow to focus on key individuals and groups that can be both positively and negatively affected by business or by outcomes related to these groups of stakeholders.

This is particularly relevant for persons with disabilities, especially since the draft report points out that future criteria related to horizontal objectives may be aligned with the European Pillar of Social Rights as they relate to equal opportunities and access to the labour market, fair working conditions and social protection and inclusion. It is important to point out that many of these principles make explicit references to persons with disabilities.

More importantly, **future horizontal objectives should take into account the Pillar’s principle on ‘Inclusion of people with disabilities’**, as it recognizes the right to income support that ensures living in dignity, services that enable them to participate in the open labour market and in society, and a work environment adapted to their needs.

This principle would then be relevant for the recommended three stakeholder-centric objectives for a future social taxonomy. In light of the above, we would like to propose the following additions to the preliminary list of criteria for substantial contribution and ‘doing no significant harm included in the draft report:

### Ensuring decent work

Since this objective would include sub-objectives that emphasize key aspects of respecting and supporting human rights in terms of impacts on affected workers and employment generation for certain groups of people – including the *just transition -* , the following elements for a disability dimension should be included when defining an ‘economic entity that qualifies as enabling decent work’:

* Respects **equalities and fights discrimination based in gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation** by ensuring that worker representation in equalities groups is balanced at all levels of the organization, addressing and monitoring pay gaps including gender and disability, and provides parental leave.
* Provides health and safety arrangements and outcomes, with high worker representation in formal joint management/worker health and safety committees. **When appropriate, provides reasonable accommodation for workers with disabilities, as required by EU law (Directive 2000/78/EC for Equal Treatment in Employment).**
* Runs extensive programmes for skills and life-long learning for all employees, with high worker involvement in programme development and generation of decent employment for certain groups to be defined, **especially for groups at higher risk of labour exclusion such as persons with disabilities.**
* Provides for social protection, **with special attention to social groups at risk of discrimination or social exclusion, such as persons with disabilities**.

These additions would not only further reinforce the alignment of these criteria with the European Pillar of Social Rights, but would also support the fulfilment of obligations and the implementation of many provisions of the UNCRPD, namely those related to employment of persons with disabilities (Article 27 UNCRPD).

### Promoting consumer interests

The future social taxonomy will also provide criteria for the definition of products and services that support the human rights of consumers and end-users.

In the case of consumers with disabilities, the support of products and services to their human rights must unavoidably include a strong accessibility dimension; product and/or service exclusion due to the lack of accessibility features would, in fact, cause harm in part of the consumer pool as persons with disabilities would see their risk of economic and social exclusion worsened.

The European Disability Strategy 2021-2030 emphasizes that the European Accessibility Act was a great step forward in ensuring the accessibility of goods and services, but also that much must still be done to remove the barriers preventing access to information, products, services and housing for persons with disabilities.

In this regard, manufacturers and service providers can also make use of existing accessibility standards to demonstrate compliance with accessibility obligations. For example, the European Standards [EN 301 549](https://www.etsi.org/deliver/etsi_en/301500_301599/301549/03.02.01_60/en_301549v030201p.pdf) on accessibility requirements for ICT products and services, the [EN 17210](https://www.cencenelec.eu/news/brief_news/Pages/TN-2021-015.aspx) on accessibility and usability of the built environment, or the [EN 17161](https://www.cen.eu/news/brief-news/Pages/NEWS-2019-014.aspx) on Accessibility following a Design for All approach – Extending the range of users. Using these norms as a criteria can bring certainty to public and private players concerning accessibility for persons with disabilities.

In order to attract capital flow into the removal of those barriers, the future social taxonomy should include the following criteria when describing an entity respecting consumers’ rights and promoting their interests:

* Enhancing the **safety and the quality** of its products and services, including by:
  + (…)
  + **Ensuring the accessibility for persons with disabilities of the product of service supplied**, following, when appropriate, state of the art accessibility standards.
* Engaging in responsible marketing practices, including by:
  + Promoting non-discrimination and diversity in marketing practices, **especially as regards vulnerable consumers such as consumers with disabilities.**

### Enabling inclusive and sustainable communities

Lastly, the future social taxonomy should also make explicit reference to persons with disabilities when formulating the sub-objectives that emphasize key aspects of respecting and supporting human rights in terms of impacts on communities.

In this regard, we believe that an economic entity will qualify as enabling inclusive and sustainable communities where it:

* Promotes equality and inclusive growth including by:
  + Providing training, capacity building and job opportunities targeted at affected communities including groups in situations of vulnerability, **such as the long-term unemployed, migrants, persons with disabilities, etc.**
  + **Promotes social inclusion and equal opportunities for all.**
  + **Respects the state of the art standards on accessibility for persons with disabilities.**

With regard to this objective, we very much welcome the report’s views on developing criteria without promoting ‘do good’ of philanthropy models, but rather activities with clear returns on society and the community. The European Disability Forum would like to invite the Social Taxonomy Subgroup to explore the possibility to **include criteria related to the social economy and social economy enterprises, since by definition these pursue a social objective and are committed to reinvesting profits into said social goal.**

## Governance

Good sustainable corporate governance must be the backbone for companies and economic operations deemed to be sustainable, both from a social and environmental point of view.

In this regard, new initiatives like the recently proposed Directive on corporate sustainability reporting (CSRD) will certainly contribute to establishing high standards of corporate governance ensuring sustainable behaviors not only towards companies or economic operators themselves, but also towards communities.

**The Commission’s CSRD proposal includes an explicit mention to the employment and inclusion of persons with disabilities** – alongside equal opportunities for all - as a standard for disclosing information on a company’s social factors.

In the same vein, the Governance aspects of a Social Taxonomy should deepen the requirements when it comes to equality and diversity, to ensure legislative consistency and a holistic consideration of diversity.

Furthermore, the above mentioned European Standard EN 17161 on Accessibility following a Design for All approach, follows the structure of quality management international standards, and provides a set of requirements and recommendations, including for the leadership and internal processes, for any kind of organisation to adopt a universal design (or design for all) approach to achieve greater accessibility outcomes. The adoption of this standard by the governance of a economic operator would therefore ensure their commitment to extend the range of users that can access their products or services, and ensure an inclusive workplace too.

Therefore, additional criteria could be included in the definition of ‘good sustainable corporate governance’, especially as regards competencies in the highest governance body:

* Diversity of the highest governance body (gender, skillset, experience, background, ***and existence of diversity policies applied in relation to the governing bodies with regard to gender and other aspects (such as, age, educational and professional backgrounds, or disabilities),*** and including employee participation.
* Diversity in senior management (gender, skillset, experience, background); o executive remuneration linked to environmental and social factors in line with companies´ own targets.
* Anti-bribery and anti-corruption.
* Responsible auditing.
* Responsible lobbying and political engagement.
* **Adoption of a design for all approach.**

While these provisions fostered some controversy, it is important to clarify that they would not require the non-voluntary disclosure of personal information or features (like religion, disability, sexual orientation), but rather **seek to ensure that policies are in place to prevent any sort of discrimination on those bases and actively create an environment of valuing and attracting diverse talents** in its different forms.

## Metrics of a social taxonomy

These additions to the objectives and criteria should be reflected in the set of metrics and indicators that the Subgroup could develop in the future.

In relation to the criteria listed out for the definition of indicators for a social taxonomy, the European Disability Forum would like to emphasize that these additions relate directly to norms, process or goals in internationally recognized standards, like the UNCRPD, the European Pillar of Social Rights or the SDGs

Furthermore, we want to bring to the attention of the Subgroup and of the European Commission the existence of disability-specific indicators and standards that could be useful for future proposals.

Special attention should be given to the guidelines developed by the [Global Reporting Initiative in partnership with the Spanish ONCE Foundation and the support of the ESF,](https://disabilityhub.eu/sites/disabilitybub/files/gri_disability_reporting_0.pdf) which may contribute to the different dimensions of the taxonomy (horizontal, vertical and governance).

The International Labour Organization (ILO) and UN Global Compact have also developed extensive materials – such as the [Guide for business on the rights of persons with disabilities](https://humanrights.wbcsd.org/project/guide-for-business-on-the-rights-of-persons-with-disabilities/) - that could help set up efficient and implementable metrics for the disability aspects of the future social taxonomy.

As mentioned, key accessibility standards can also be referred to, namely:

* [EN 301 549](https://www.etsi.org/deliver/etsi_en/301500_301599/301549/03.02.01_60/en_301549v030201p.pdf) on accessibility requirements for ICT products and services;
* [EN 17210](https://www.cencenelec.eu/news/brief_news/Pages/TN-2021-015.aspx) on accessibility and usability of the built environment;
* [EN 17161](https://www.cen.eu/news/brief-news/Pages/NEWS-2019-014.aspx) on Accessibility following a Design for All approach in products, goods and services – Extending the range of users.

# Conclusions

The European Disability Forum believes that the future Social Taxonomy will be a key element to ensuring the respect of the rights of persons with disabilities, while continuing supporting their inclusion in all fronts of society.

We look forward to cooperating with the European Commission, the Subgroup on Social Taxonomy, and any other stakeholder committed to enhancing the social sustainability and inclusiveness of Europe’s economy.

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